

# ***SOUTHERN ILLINOIS***

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NO. 4



**COBDEN CO-OPS Among 540 in Illinois (page 6)**

*also in this issue . . .*

**SURVEY OF LABOR-MANAGEMENT RELATIONS  
RAIL RATES AND REGIONAL DEVELOPMENT  
NEED FOR PLANNED-ZONING IN COUNTIES  
SCHOOLS NEGLECT ECONOMIC EDUCATION**

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## ECONOMIC EDUCATION SLIGHTED IN ELEMENTARY AND HIGH SCHOOLS

By Gordon Brunhild

In our present society a vast majority of the political and social issues involve some economic implications. In southern Illinois, for example, the problems of attracting new industries, reducing unemployment rates, raising the area's standard of living, and improving agricultural productivity can only be handled by citizens with adequate knowledge of economics.

Though the individual's power to determine his political representatives is limited, in the long run in a democratic society the major decisions have at least the approval of a majority of the people.

Since the administration of Theodore Roosevelt, expansion of government functions over different aspects of our economy has occurred. This trend which has largely resulted from the increasing complexity of our economy shows no long-range signs of tapering off.

Such political issues on the federal level as the control of big business, the elimination of unemployment, the stabilization of the dollar, the price-support program for agriculture, the redistribution of income through government taxation, the creation and control of money and demand deposits of commercial banks, the regulation of labor unions, and the expansion of social welfare programs are basically economic.

In the present life-and-death struggle between a democratic welfare capitalistic state and a totalitarian socialist country, economics has come to play a major role. Khrushchev has declared an economic war on our nation. He stated in a speech on May 22, 1957, "if we catch up to the U.S. level of per capita output of meat, milk, and butter, we shall have shot a highly powerful torpedo at the underpinnings of capitalism."<sup>1</sup>

The recent revolt in Iraq, the rise of Arab nationalism throughout the Middle East, and the insults to Vice President Nixon in South America demonstrated grave failures in American economic aid and foreign trade policies, which can only assist the USSR in its policy of increasing its spheres of influence.

It would be ironical if the reaction of the American people to Sputnik placed us way ahead in scientific and technological developments only to lose the cold war in the economic realm.

### THE SOCIAL STUDIES CURRICULUM

It goes without saying that economics is useful to anyone contemplating a business career. Every sales estimate and budget program depends on a

<sup>1</sup> John Gunther, *Inside Russia Today*, New York: Harper and Brothers, 1958, pp. 107-108.

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Gordon Brunhild, left, helps James Moore, superintendent of schools for the Crab Orchard district, with a problem during a two-week Economic Education Workshop at Southern Illinois University.

prediction of prices, wages, elasticity of demand and other economic variables which fluctuate greatly from year to year. Even the intelligent purchase of a life insurance annuity on the part of a housewife assumes a stable or declining price level since inflation could wipe out the purchasing power of the investment after it matures.

Special courses on economic subjects are necessary in order to accomplish the objective of economic education.

The social studies which are taught in the schools are theoretically supposed to encompass the most important aspects of man's existence, especially the various social sciences relate to the learner's everyday activities. According to this viewpoint the

(continued on page 11)

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## AREA UNION-MANAGEMENT RELATIONS NO DETERRENT TO PLANT LOCATION

By Milton T. Edelman

During the summer of 1956 a systematic investigation of the present state of union-management relations at the plant level was carried out in Jackson and Williamson counties. It was prompted by a desire to learn whether southern Illinois' reputation for "poor" industrial relations was still justified. That reputation was gained when coal mining was a major source of livelihood in several southern Illinois counties and manufacturing was not high on the list. In 1940 only 3,700 persons were employed in manufacturing in a six-county area, compared to over 10,000 in both mining and agriculture and 7,600 in wholesale and retail trade.<sup>1</sup> During World War II about 6,000 workers were employed at the Illinois Ordnance Plant on the shores of Crab Orchard Lake in Williamson County. The buildings left by that plant have acted as a major drawing card for new firms established since 1945. As employment in the mining industry declined, manufacturing grew and now offers the best hope for future industrial expansion in southern Illinois.

New unions, too, have entered the area, supplementing the United Mine Workers and the construction crafts. These have not been displaced, but presently union-management relations are not limited to the mining and construction industries as they were prior to World War II. Rather they embrace relationships in such diverse industries as radio and television parts, clothing manufacturing, and manufacture of light machinery. The International Association of Machinists with a district office in Merriam represents workers in five of the firms included in this study. District No. 50 of the United Mine Workers of America has representation in Decatur. In addition, the following unions are found: Textile Workers Union, United Garment Workers, International Ladies Garment Workers Union, and Printing Pressmen and Assistants Union.

### PROPOSE OF THE STUDY

The study aimed at getting a picture of the current state of union-management relations at the plant level in the major organized firms of Jackson and Williamson counties. The sample covered every firm with seventy-five or more workers in the bargaining unit. Although there were sixteen firms entering this test, responses from two were not complete enough to be included. Of the fourteen remaining firms, twelve were manufacturing; one was

a warehouse of a large grocery chain; and one, a wood processing plant.

For each firm two representatives of management and two of the union were contacted. These were men and women thoroughly familiar with both contract negotiation and grievance handling. They were asked about the major terms of the collective bargaining agreement, whether they were satisfied with them, and, if not, what terms they would prefer. They were also asked about a variety of other items, including the level of wages and fringe benefits, attitude toward the other party, details of the bargaining procedure and grievance procedure, the manner of contract negotiation and grievance handling (whether stormy or calm, whether pressure was used, whether each side employed experts, whether they were able to reach agreement without the help of mediators and arbitrators), and various questions on the economic conditions of the firm.

The survey also included questions on plant location. Respondents were shown a number of factors important in determining the location of a plant and asked how these factors would influence them in deciding whether to locate in southern Illinois if they were to open another plant similar to their present one.

In no previous study of union-management relations has it been possible to make direct comparisons between communities on items such as those covered here because the investigations were made at different times, in different areas and different items were covered. However, studies made in East St. Louis and Decatur at the same time as this one enabled us to make comparisons between areas.<sup>2</sup> This article will summarize a few of the major results of the study and make some comparisons with the other two communities.

### II.

Careful attention was given to work stoppages because of their importance in shaping the industrial relations reputation of the area. Data on stoppages were collected from the Bureau of Labor Statistics of the United States Department of Labor and the Illinois Department of Labor and were supplemented by a direct question in the survey. Comparison was made with areas of like population size, although these areas had somewhat heavier concentration of industry. The comparisons indicate more stoppages but shorter ones in the two southern Illinois counties for the years 1955-1956, the years for which data are most complete. One other area, Decatur, had as many work stoppages as the area we shall refer to hereafter as Southern.

Within the Southern counties a breakdown by industry showed that manufacturing had slightly more stoppages than either construction, mining, or sales and service. In construction it is significant to note the stoppages affecting a number of contractors simultaneously were counted as a single

*Special Inquiry into Labor Market Conditions in the Nile Egypt Area*, Research and Statistics Section, Division of Placement and Unemployment Compensation, Illinois State Employment Service, November, 1956, p. 5.

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<sup>2</sup> Derber, Milton, *Union-Management Relations in East St. Louis*, Urbana: Institute of Labor and Industrial Relations, University of Illinois, no date. The Decatur study, also done by University of Illinois, is unpublished.



stoppage. However, of the fourteen firms surveyed, ten had no stoppages during the previous two years; three had one; and one gave no reply. For these firms, work stoppages were not a serious problem.

Although strikes have not presented serious problems, the parties have often found it necessary to call in outside help in the form of mediators and arbitrators when negotiating new contracts. However, other evidence, particularly the number of grievances per one hundred employees and the attitudes of the parties toward grievance settlement, indicates that the parties are generally able to work out their difficulties to their mutual satisfaction.

The day-to-day handling of grievances puts flesh on the bare bones of a collective bargaining contract; it gives real meaning to the terms of the agreement. Three fourths of the firms which gave adequate responses to this question indicated that they had fewer than ten grievances per one hundred employees carried beyond the foreman level. The record compares favorably with that found in East St. Louis where two thirds of the eighteen manufacturing firms studied had grievance rates of less than ten per one hundred employees. Ten Southern firms referred no grievances to arbitration during the previous two years. This figure, too, differs little in significance from East St. Louis where fourteen out of eighteen firms made no use of grievance arbitration in two years. This shows an ability by the parties to settle their own grievance problems.

#### WAGES AND FRINGE BENEFITS

A comparison of wage levels for the Southern firms classified by industry with averages for the United States indicates that the local firms are well below the national average. Such a comparison was possible for three industry groups—apparel, machinery (except electrical), and communication equipment. For the firms that did not fall into these categories, comparison was made between earnings of the individual firm and those for its particular industry. In every case but one, the Southern firm was below the national average. When asked to compare earnings in their plant with those prevailing in the industry as a whole, however, eight of the ten firms whose responses could be classified said their earnings were "average." Only two placed their wage level below the average for the industry. It may be that in spite of an attempt to define industry for the respondents, their own mental image differed from that of the interviewer.

Fringe items covered in the survey were paid holidays, shift differentials, paid vacations, health insurance, pension plans, life insurance, hospitalization, and sick pay. Responses showed that the level of these benefits is somewhat lower in Southern than in larger metropolitan areas. Comparison was made with surveys by the U.S. Bureau of Labor Statistics. These are carried on generally in the larger cities of the country.

An important question in industrial relations is

how each party regards the other; the way in which both the union and management approach the task can have important bearing on the results they obtain. To judge this vital matter the survey contained a number of questions on the attitudes of the parties. The over-all degree of satisfaction expressed by both parties was surprisingly high. This was determined by asking each respondent how he personally felt about relations with the other party and then asking about his satisfaction with contract negotiation, grievance handling, and consultation (meetings to discuss plant problems aside from contract negotiations or grievance meetings). In over 85 per cent of the cases the parties were satisfied with the total relationship, and the same degree of satisfaction was expressed on grievance matters. On contract negotiations the figure was somewhat lower but on that item it was 57 per cent.

#### ATTITUDES TOWARD OTHER ISSUES

Another set of questions brought forth the attitudes of the parties toward specific provisions of the collective bargaining agreement: union security, setting of safety rules, application of seniority, layoffs, and the introduction of technological change. The union shop, the prevailing form of union security, was well-regarded by both sides. This acceptability also was found in East St. Louis where the union shop was not a serious issue for either management or the union. There was great divergence in attitudes toward the use of seniority in layoffs, indicating a somewhat lower level of satisfaction. The setting of safety rules, the survey showed, was largely a management job, with the union having little voice, but over 85 per cent of the union respondents expressed satisfaction with this arrangement. The introduction of technological change that reduces the number of workers on the job was generally found to be the task of management with little or no union participation except that in a few firms advance notice was given to the union. Management was generally satisfied with the arrangement, but union satisfaction, as might be expected, was much lower.

When asked about satisfaction with wage levels, management representatives declared themselves satisfied in about 80 per cent of the cases, but, significantly, in two firms management called the level too low. In six of the fourteen firms, both union respondents viewed the wage level as too low, while only three expressed satisfaction, and five split between too low and satisfied. With the low wage level prevailing in the area, perhaps even the amount of satisfaction is surprising.

Satisfaction with the level of fringe benefits is characteristic of management responses, although with regard to five of the six fringe items, management in one or more of the firms regarded the level as too low. A very small number of management respondents thought fringe benefits were too high. Union respondents expressed satisfaction with the level of benefits for vacations, paid holiday, and life insurance but thought retirement benefits, hospital



d medical benefits, and sick benefits were too low.

### III.

Both East St. Louis and Decatur differ considerably in size and industrial composition from Jackson and Williamson Counties. East St. Louis with a population of about 100,000, is highly industrialized with heavy manufacturing industries predominating. Its industrial history goes back to the nineteenth century, and its workers were already well organized before World War II with many major labor organizations having representation rights. Decatur, with a population of about 67,000, located in central Illinois in a rural setting. It has diversified industry, but light manufacturing predominates. Although industry was present in the area before the start of the twentieth century, organization among workers did not take place to any great extent until after 1941, and a single union, the Allied Industrial Workers, formerly the United Automobile Workers—AFL, predominates. Decatur has attracted much new industry during the postwar period while East St. Louis has not. Although the urban centers of the two Southern counties are smaller than both cities, the total population of the counties (about 86,000 in 1950) is between the two.

The most striking difference between the industrial relations scene in Southern and the other two communities is in the level of economic benefits. Southern is below the other two. The items dealing with attitudes, on the other hand, show that management and union leaders at the plant level are slightly better satisfied with their relationships than in the other areas. There was less concern over the use of power by the other party in Southern. Management was unanimously well-satisfied with the operation of the grievance procedure, while the extent of union satisfaction was just under what was expressed in Decatur but higher than in East St. Louis. Only on the matter of contract negotiations did Southern express a lower level of satisfaction than the other areas, and here management was less satisfied than the union.

### IV.

The factors dealing with plant location may be summarized briefly as follows:

1. Relations with unions are generally regarded as a favorable or neutral factor. This is a very important point in light of the reputation of the area and its possible effects on the attraction of new industry. In the plants surveyed in Jackson and Williamson Counties management representatives did not regard relations with unions as a deterrent to the location of new industry.
2. Availability of labor was most often listed as a favorable factor for the location of new plants.
3. Although labor is plentiful, availability of particular skills was cited as discouraging more often than any other factor.
4. Housing and power facilities were rated discouraging four times.
5. Productivity of workers was rated discouraging only once.

### V.

It is now possible to give in summary fashion the major findings of this survey:

1. Union-management relations in the largest industrial plants of Jackson and Williamson Counties are not out of line with the two other areas surveyed nor with what management and union leaders feel they should be. Management leaders do not regard relations with unions as an obstacle to plant location in the area.

2. The two counties rank rather high in number of work stoppages in comparison with city areas of about the same population, and higher than East St. Louis and Decatur in the number of times the parties required the help of mediators and arbitrators. But the number of grievances per one hundred employees is low.

3. Wages and fringe benefits are considerably lower in the Southern firms than the national averages for their industries.

4. Management representatives are satisfied with the level of economic issues in about three quarters of the firms, but union spokesmen thought they were too low. These issues seem potentially the most explosive between the parties.

5. In over three fourths of the firms both management and union respondents are satisfied with the over-all relationship and with grievance handling, while satisfaction with contract negotiations is slightly lower.

6. Management spokesmen do not believe the union interferes seriously with management functions.

7. Management complained most often about strict use of seniority in layoffs, about lack of union co-operation on production matters, and, to a somewhat lesser extent, about too little union co-operation on disciplinary matters. The chief union complaint was that it had too little voice in the introduction of technological changes.

## LABOR INSTITUTE HEAD NAMED

John M. McDermott, a prominent figure in area circles, is director of Southern Illinois University's new Labor Institute.

He was formerly representative for the Southern Illinois Labor Council.

For the past two years, McDermott has organized and supervised classes at SIU's Vocational-Technical Institute for apprentices, journeymen, and officers of area labor groups. He was largely responsible for the Southern Illinois Business Agents Conference which meets weekly to work for industrial peace and elimination of jurisdictional disputes.

The University trustees named McDermott to head the Institute because "he has worked with organized labor for 18 years at all levels and has an advanced educational background." The Labor Institute will co-ordinate training, research and University service in the labor field.



## ILLINOIS FARMERS HAVE PUT \$75 MILLION IN CO-OPERATIVES

By Walter J. Wills

The latest available data indicate there are 540 farmer-owned co-operative marketing and purchasing associations in Illinois. In addition, there are many other types of co-operatives, such as credit, electricity, and insurance. These various co-operatives have assets of over \$150 million. Illinois farmers have \$75 million of their own money invested in their co-operatives.

The marketing and purchasing co-operatives have an estimated membership of 584,000. On the basis of 180,000 farms in the state, on the average, every farmer in the state is a member of over three co-operatives. Relatively few farmers are not a member of at least one co-operative.

Minnesota with 1,279, Wisconsin with 808, and Iowa with 703 have more co-operatives than Illinois, but Illinois co-operatives have a larger total membership than those of any other state. California and Minnesota co-operatives have a larger volume of business after adjusting for duplications than Illinois. Marketing and purchasing co-operatives in Illinois have an annual volume of business in excess of \$600 million.

A co-operative is defined as "a business organization, usually incorporated, owned and controlled by member agricultural producers, which operates for the mutual benefit of its members or stockholders, as producers or patrons, on a cost basis after allowing for the expense of operation and maintenance and other authorized deductions for expansion and necessary reserves."<sup>1</sup>

Illinois co-operatives are engaged in a multitude of activities. There are 390 co-operatives primarily concerned with marketing agriculture products. Many marketing co-operatives of all types engage also in selling various supplies to their customers. About half the co-operatives in Illinois have been organized since 1937, although enabling legislation was passed in the U.S. in 1922 (Capper-Volsted Act) and in 1923 in Illinois (Senate Bill No. 165).

The most frequent type of marketing co-operative in the state is the grain elevator. These local elevators buy grain from farmers to store and sell to local buyers or through regular market channels. There are also co-operative facilities for terminal storage, transportation, and marketing to processors.

Livestock marketing co-operatives have the second largest volume but are relatively few in number. The terminal market co-operatives, such as producers commission firms, function in much the same manner as any other terminal market commission

firm, selling livestock on consignment and purchasing on order for members. These co-operative commission firms draw members over the entire region which supplies the terminal market. On the other hand, the Illinois Livestock Marketing Association has established marketing points where hogs are bought, graded, and assembled in carload lots for shipments to meat packers. These local co-operatives serve farmers in relatively small areas such as a county. However, all the selling for about twenty-three local markets is through the central office at Decatur.

### Dairy Co-operatives

From a value standpoint the third most important type of marketing co-operative handles milk. There are two principal types of dairy co-operatives. One is engaged primarily in bargaining for prices and other considerations between producers and handlers. Often, to be in an effective bargaining position, the larger associations of this type also operate processing facilities to care for surplus milk through producing cheese, butter, or other manufactured milk products. The other type of dairy marketing co-operative is primarily a processor co-handler, buying the milk and selling it either to handler or consumers or processing manufactured products. This type of co-operative may also act as a bargaining agent for certain of its members.

Other marketing co-operatives in the state handle miscellaneous commodities, such as fruits and vegetables, poultry and eggs, and wool. About 9 per cent of the co-operative marketing volume is included in grain, livestock, and dairy co-operatives. However, in many cases in specific areas a co-operative has proven the only solution to permitting the producers of these specialty commodities to continue operations.

Purchasing co-operatives handle a great variety of products for their members. From a dollar volume standpoint petroleum products, feed, and fertilizer are the most important, making up 83 per cent of the items handled. The statewide Illinois Farm Supply Company and affiliated local units provide much of this volume. The investment in facilities includes oil wells, pipe lines, refineries, feed mills, plant food manufacturing plants, buying handling facilities, barge equipment, and other items of this nature.

Other types of farm co-operatives in Illinois include dairy herd improvement association; artificial insemination associations; fire, hail, wind, storm, automobile, and life insurance programs; rural electrification associations; production credit associations (short and intermediate term credit); national farm loan association (long term credit); frozen food locker service; meat packing plant.

Only seven counties in Illinois are without co-operative headquarters. Most counties without co-operative headquarters have co-operative services provided from adjoining counties or at least within the region. Champaign County has the largest number of co-operatives of any county in the state.

<sup>1</sup> Hulbert, L. S. "Legal Phases of Co-operative Association." Farm Credit Administration, *USDA Bulletin* No. 50, p. 1.

Walter Wills is a professor of agriculture and chairman of the department of agricultural industries at Southern Illinois University.



## Why Co-ops Started

Generally farm co-operatives have been organized for the following reasons: to aid in orderly marketing; to provide services not otherwise available to farmers; or to provide existing services at a lower cost to the members. Many co-operatives may not have been successful in realizing these goals. Basically the co-operative is an extension of the farm phase of farming. In recent years an increasingly larger amount of the services and other marketing production and marketing functions are performed off the farm. The co-operative has been the way farmers adjusted to these changing conditions. Frequently, statements are made that co-operatives pay no taxes. Co-operatives pay all the same taxes as do any other business. However, if co-operatives meet certain requirements, they may be excluded from paying federal income taxes. These

requirements include paying dividends of 8 per cent or less on stock and, for marketing co-operatives, transacting over 50 per cent of their business with members. For purchasing co-operatives, not over 15 per cent may be done with nonmembers.

The reasoning back of this is that the co-operative is a nonprofit organization. Any income in excess of expenses accrues to the members, and the members pay income tax on this income. Any income of a co-operative not returned to members either as cash or as a patronage allocation is subject to the same tax treatment as that of any other corporation.

Co-operatives have all the operating problems of any other business, plus those peculiar to its particular form of organization. The customers of a co-operative are also its principal stockholders. For this reason customer education and stockholder education become very important for the success of a co-operative.

## COBDEN CO-OPS PACKAGING FARM PRODUCE FOR READY SALE

Two new co-operatives at Cobden are now geared to handle large volumes of graded tomatoes, cucumbers, and peppers on the market in uniform packages under brand names.

Both use a year-old, 11,000 square foot packing shed which contains equipment worth about \$10,000. Thirty-four growers make up the membership of the tomato co-op, and there are thirty-two members in the cucumber and pepper co-op. Heavy rains this summer cut heavily into the expectations of both organizations, but members are convinced the co-op idea gives their produce better market acceptance and better prices.

Growers are responsible for picking and delivering their produce to the packing shed. At the peak of the season, sixty-two employees were needed to prepare tomatoes for shipment. The tomatoes are washed and waxed to preserve color and carrying ability, then put through automatic sizing machines, graded and packaged in ten pound lugs under one of four brand names: Pyramid, Sphinx, Sunripe, and Big "C." The tomatoes are marketed through a local brokerage firm.

The cucumber and pepper co-operative, which employs jobs for some twenty persons at the season peak each year, uses the same machinery to process both products. They are packaged under the Pyramid brand in bushel baskets manufactured locally. Proceeds of the co-operatives are pooled daily, and each grower receives the same price by grade. Each bushel of tomatoes the grower brings in, the co-op charges him forty cents for processing and packaging, including five cents to pay off debts on equipment and cost of the \$25,000 building. Cucumber and pepper growers pay \$1 for each bushel packed.

Action toward forming the tomato co-op was initiated back in 1955, the first year of a Cobden community development program undertaken by



local citizens with the aid of Southern Illinois University. Frank Sehnert, University community consultant and a former farm manager, called upon representatives of the SIU School of Agriculture and other agencies to bring to Cobden area farmers a better understanding of the advantages of co-operative ownership.

The tomato co-op received its charter in December, 1955, and Charles Wilkins was named president. In the first year, eleven growers paid \$100 memberships and operations were begun in the summer of 1956 in an old mill. Facilities and equipment there were limited, and a July hailstorm caused considerable crop damage, but the co-op marketed 39,000 ten pound lugs of tomatoes, representing a business volume of nearly \$50,000.

More growers came into the co-op in 1957 under \$500 membership, and more tomatoes were planted. The next step was to get a satisfactory building.

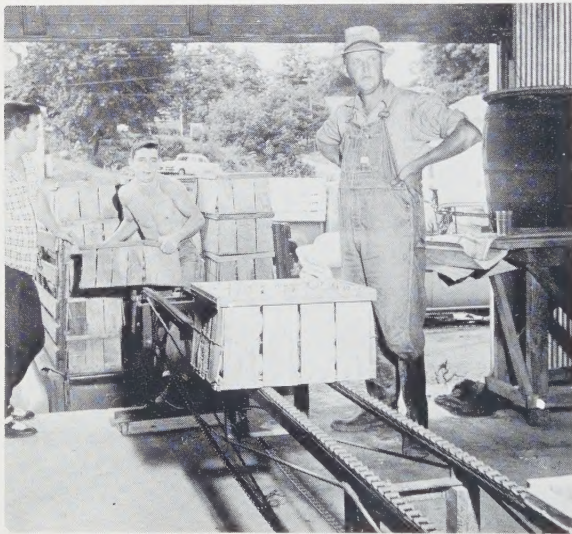
The fifty-eight-year-old People's Fruit and Vegetable Shipping Association, one of the first co-operatives in Illinois and the oldest operating



co-op in the U.S., provided the answer. The Association, started originally so that it could pool shipments of fruits and vegetables to obtain lower rail rates in car lots, operates the People's Market at Cobden where farmers bring their produce and sell it on consignment to brokerage representatives from larger cities. The Association owns a plot of ground behind the Market; so it dipped into its reserves to construct the \$25,000 packing shed the tomato co-op now uses. When the construction cost has been repaid, the co-op will be able to use the building approximately rent-free.

The packing shed has a concrete floor raised to truck bed level, corrugated steel siding and roof, and overhead steel doors at loading platforms on all sides.

The 1957 season was another poor one for tomato growers, but the co-op collected 80,000 ten pound lugs from their 200,000 tomato plants—just about one pound per plant below a good yield, according



UNLOADING

to Adolph Flamm, current president of the co-op, but better known throughout Illinois as an important peach grower.

This year, co-op members put out 340,000 plants and expected to double last year's market volume. A good crop, they figured, would take them out of debt. But the torrential rains of early July changed all that. Only about one-fourth of their estimated volume was realized, and quality and financial returns were low.

Rain was equally disastrous for members of the cucumber and pepper co-op who started their organization only this year with \$11,000 capital raised by the issue of \$25 debenture bonds. The growers involved are mostly farmers who also grow strawberries and can utilize irrigation systems for cucumbers.

Herb Modglin, co-op president, said the excess of water in the form of precipitation this year enabled growers to bring in only 25 to 50 per cent



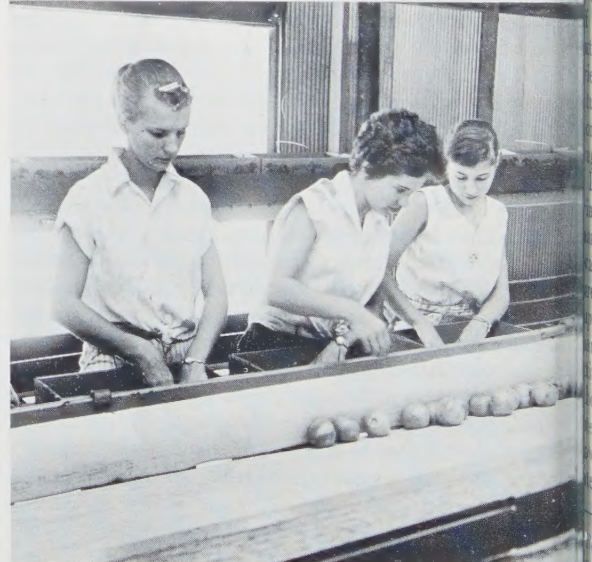
SORTING

of the estimated 50,000 to 60,000 bushels of cucumbers expected this year.

Despite their setbacks, members of both groups plan to stay with the co-operative idea.

"It's the only answer for us farmers," said Modglin.

The Cobden growers have the know-how to get good yields if they can get a fair shake from the weatherman. Now they also have the organization and machinery for packaging and marketing their fruits and vegetables. They have been providing a number of jobs for at least six weeks of the year and have contributed to the local business economy. Given a couple of good crop years, they also could make the Pyramid and Sphinx brands nationally known products of "Little Egypt."



PACKING



## EIGHT RATES BIG FACTOR IN REGIONAL DEVELOPMENT EFFORTS

By Roy J. Sampson

More than 5,000 local chambers of commerce, other civic groups in the United States, plus several hundred quasi-public and private corporations and most state governments, are today actively interested in industrial development programs, and are forming new developmental units are being formed every week. What accounts for this increasing emphasis on industrialization? Chambers of commerce explain it by saying that they are seeking additional rolls for their community.

An economic explanation is that in a high-income, competitive-price economy, with both manufacturing and raw-materials production, it is thought that the "value added" by manufacturing is greater than the "value added" by an equivalent expenditure of human and capital resources in raw materials production. In other words, a particular region in such an economy can increase its total income by increasing its industrialization. Whether or not this assumption actually is valid is immaterial to the present discussion, provided regional groups believe it to be true.

Such an assumed increase in income may be substantiated further if the region concerned is well supplied with raw materials, power resources, labor, and the other necessities of industrialization. In addition, the fact that economic diversity usually insures greater income stability over a period of fluctuating business activity assumes considerable importance to regions whose economic activity is based primarily on only one or a few resources. It is no accident that the Old South, which for so long depended upon a one-crop agricultural system, was at the forefront in promotional activities designed to lure new industries into its territory. Nor is it accidental that New England, which lost much of its textile industry to the South, has also been extremely active in attempting to attract new industries. And now the West, much of which is in a position comparable to the South of two generations ago, is getting on the industrialization bandwagon.

In considering alternate locations for new industrial establishments, a cost-and-profit-conscious manufacturer may be interested in such factors as available building sites, financing terms, tax structure, and the quantity and quality of the labor force, as well as the prevalent pattern of labor-management relations, labor laws, and community attitudes regarding "big business" and "organized labor." The manufacturer will also be very interested in the sources and costs of raw materials and their availability in markets. In addition, he will be interested in the availability and dependability of

transport facilities and in freight-rate structures. It does not always follow, however, that low inter-regional freight rates are most conducive to developing industrialization within a particular region. The reverse sometimes may be true.

### Rates Facilitate or Limit

Before proceeding further, it should be pointed out that favorable freight rates cannot in themselves be expected to promote regional industrial development to any considerable extent. Instead, freight rates must be regarded as facilitating or limiting devices. If a region possesses the other prerequisites for industrialization, the proper rate structure can help it, and improper rates can hinder or even prevent it.

For the greatest probability of long-run success in a regional industrialization program, it is desirable that promotional groups examine their own stage of regional industrial development and actively work for interregional freight-rate structures which are consistent with their specific industrial goals. This is true whether the regional goal is to advance to a higher level of industrialization or only to enjoy the greatest possible return at its present state of development. As a first step in this process, it is necessary to determine just where the region is at present.

As far as industrial relationships to other regions are concerned, we can postulate that a region may go through four stages of development. First is a youthful or colonial stage, in which a region's economic activity is based largely upon the exploitation of raw-material resources (agriculture, forestry, mining, fishing, etc.), which are exchanged with more industrialized regions for manufactured goods. The United States existed in such a relationship to Western Europe until after the Civil War. The Old South historically has had a similar relationship to the Northeast, and many areas of the South and West, even today, are almost entirely dependent upon raw-materials exploitation.

Second comes an adult or self-sufficient industrial stage, in which the region uses its own raw material to satisfy its own needs. Branch plants of outside multi-plant firms and locally owned plants manufacture for local markets. Raw materials not needed in manufacturing for local consumption, if any, may be exported to other regions, of course, and limited imports of special raw materials and special manufactured goods from other regions may be necessary to supplement local supplies. Such a situation exists today in some areas of the West and South.

Third is the industrially mature region, which exports finished manufactured goods to other less-industrialized regions, and in turn imports substantial quantities of raw materials from colonial-type regions. This is the position so long enjoyed by the northeastern section of the United States. Few western or southern areas have attained this level of industrialization as yet.

Finally, a region, like an individual, may reach



old age and become industrially senile. With its raw materials depleted, its markets lost because of increasing self-sufficiency in other regions, or loss to more vigorous competing mature regions, and its factories closing or migrating to these other areas, a region may be faced with industrial retrogression, falling income, and rising unemployment which call for an entirely different economic emphasis. The loss of New England's textile mills to the South provides an illustration of this situation. Internationally, an example is the loss of British markets to the United States, Germany, and Japan. Reactions of senile regions to their problems are likely to include attempts to attract new industries to replace those lost (as New England has done by making a bid for the electronics industry, for example), as well as attempts to retain at least home markets for home manufacturers (by protective tariffs or similar devices).

### What Structure is Best?

Once the regional stage of industrial development has been identified and regional goals established, the next task of the regional promotional organization should be to determine what type of freight-rate structure best serves the interests of the region's industrialization program. This involves an analysis of interregional rates both on manufactured goods and on raw materials.

At least a dozen possible varieties of rate structures could be described for any type of traffic. For our purposes, however, they all can be reduced basically to combination of "high" or "low" and "in" or "out." "High" and "low" as used in this context do not refer to any absolute level of rates, but rather to the comparative interregional rate levels of the various regions in the economy. "In" and "out" refer to shipments going into or out of a particular region, respectively.

In considering rate structures in relation to regional problems, it should be remembered that a freight rate, in effect, is equivalent to a protective tariff. Just as a nation's manufacturing industry may be helped or hindered by the import and export tariffs or bounties of the nation concerned and of other nations, so may the manufacturers and raw-materials producers of regions within a nation be aided or hindered by relative interregional freight-rate structures. If freight rates on manufactured goods shipped from northeastern states or western consuming centers are extremely high, there is an incentive for more western industrialization. High freight rates on incoming manufactured goods "protect" the western manufacturer, and may enable him to compete in local western markets even though his manufacturing costs may be higher than those of eastern manufacturer. On the other hand, low freight rates on incoming eastern manufactured goods tend to discourage western industrialization.

### Development Stages

It would appear, then, that eastern manufacturers may be pressured either into going west, or into

surrendering a part of their western markets to western manufacturers, by high freight rates both on westbound manufactured goods and eastbound raw materials. With this background in mind, let us examine the four stages of regional industrial development previously described to see what type of rate structure is most suitable for the industrial development of each.

It would appear that a region wishing to move from a colonial stage into a self-sufficient stage of industrialization would be aided by a "high-in, low-out" structure on manufactured goods and a "high-out, low-in" structure on raw materials. To move on from the self-sufficient into the mature or exporting stage, a region would be best served by "low-in, low-out" rates. At this equivalent stage in international trade, nations tend to abandon "protective tariff" philosophies and become advocates of "free trade," or at least supporters of low tariffs for revenue purposes only. A study of British and American historic tariff policies in conjunction with industrial development in these countries reveals outstanding examples of such shifts of sentiment. A mature industrial region has nothing to fear, for the time at least, from less-developed regions, and, to "set an example" which may induce others to do likewise, it can afford to support low tariffs (or low freight rates). If the less industrialized regions follow the example of the "free traders," however, they thereby postpone the time of their own industrialization.

No region or nation would knowingly follow policies designed to bring it into the fourth, senile, stage of industrialization. If forced there against its wishes, however, a region would best serve its interests by "protecting" its home manufacturer through high freight rates (or tariffs) designed to keep out the manufactured goods of other regions, just as would a region trying to move from a colonial into a self-sufficient stage. Such a senile region, however, would still be served best by low rates on its incoming raw materials. It is worth noting in this connection that Great Britain, the world's outstanding example of international free trade during the nineteenth century when it was the world's workshop, changed to a policy of protection and "Empire preference" during the twentieth century when confronted with potent industrial competitors, while traditionally protectionist America today has the lowest tariffs of any major industrial nation.

### The Price of New Industry

In conclusion, it seems fair to generalize that few, if any, regional industrial development organizations give adequate recognition to the long-run implications of freight rates in their promotional activities. Instead, colonial-type regions, for example, generally attempt both to eat their cake and have it. Chambers of commerce and similar organizations strive concurrently for more manufacturing firms and for lower freight rates, both on manufactured goods shipped into their regions and



# UNNED-ZONING IMPORTANT S COUNTIES BECOME URBANIZED

By Irving Howards

In 1917 H. S. Gilbertson wrote *The County, Dark Continent* of American Politics, one of the volumes dedicated to the study of this form of government in the United States. As the title suggests, the volume was hardly complimentary to county government. By the term "Dark Continent" the author implied not only that most citizens and leaders were ignorant of this area of local government, but that here existed a form of government devoid of respectability.

Since 1917, studies of county government have become more profuse. Articles have appeared in abundant numbers in a variety of respected journals, textbooks have been written by eminent scholars on the subject, universities have held both undergraduate and graduate courses on county government, and state legislatures have created commissions to examine the problems of their counties.

From these sources county government has in general been given deserved recognition for its importance to the structure of local government in this country. But also from these reports there comes an interesting similarity in the conclusions drawn. The county is traditionally described as an appendage of the state government responsible for law enforcement, construction and maintenance of roads, collection of taxes, judicial administration, relief, recording of legal documents and some school administration.

As an appendage of the state, the county, it is passively maintained, cannot choose its own character; must abide by provisions in state statutes and the state constitution specifying the number of officials which must be elected and the remuneration they receive, and must silently suffer as the state assigns responsibilities to the county without

## EIGHT RATES

(continued)

materials shipped out. This is the height of inconsistency. Beyond doubt, the desires of consumers for low-priced manufactured goods today must be considered alongside regional desires for industrialization tomorrow, as must the desires of raw-materials producers for wider markets. It is not necessarily the function of a mere transportation official to resolve these conflicts by advising a community whether it should work for increasing industrialization or for maintenance of the status quo. It is within his province, however, to point out the pros and cons of various alternate transportation policies and whatever goal a region chooses to set for itself. To point out that, if the so-called "under-industrialized" areas of the country want more industrialization, they must be prepared to pay the increased price.

*Irving Howards is an assistant professor of government at Southern Illinois University. This article was adapted from an address he made at the 22nd annual conference of the National Association of County Officials in Portland, Oregon, August 13.*

correspondingly indicating the sources of revenue to support the additional functions.

These sources are, furthermore, almost unanimous in commenting on such problems as diffusion of power within the county, county budgeting and administration, size of the typical county board and the inadequacies of the property tax as the primary tax base for the county.

Almost simultaneous to the appearance of this prolific literature on county government there occurred an astounding transition in the problems faced by many counties in this country. Some aspects of this change were sensed by Gilbertson in his 1917 volume when he devoted one fleeting chapter to the urban county. Other experts even while describing the county in the traditional sense just described were at the same time paying increasing attention to this new development and its implication upon local government in general.

## PROBLEMS OF THE NEW COUNTY

The change touched upon briefly by Gilbertson, and in more detail by the others, is now self-apparent. The process of industrialization has resulted in population concentration near sources of employment in the smaller as well as the larger metropolitan areas. As a result urban population growth has risen phenomenally. The intensity of industrialization and the mobility of the American citizen has resulted in population increases in areas thirty to fifty miles from sources of employment as well as immediately within the urban area.

Residents seeking to escape the municipality have moved outside its limits into the jurisdiction of the county. With this migration has come problems of unincorporated subdivisions strangling the main city; large areas served only by septic tanks facing health problems as they are inundated due to inadequate drainage; developments along county highways impairing the vision of the motorists and the nature lover as well as causing additional costs to the county and state when expressways are sought to move the people to and from their homes; poorly planned residential developments with varying grades of houses within one area sometimes mixed with commercial and industrial enterprises; rich farm lands unnecessarily subdivided while poorer land goes unused; farm lands prematurely razed cutting off valuable farm production and causing erosion problems; forests destroyed unnecessarily by the sprawling growth; and existing recreational areas within the county cheapened by senseless commercial developments. All of these are now problems of the county.

## NEW APPROACHES TO A NEW PROBLEM

In an attempt to meet these immense problems those devoted to the county have taken a long hard



look at county structure and problems of every day operation to see whether more effective use can be made of the traditional county organization in an untraditional society. In part the self-analysis has resulted in the county adding to its normal responsibilities the operation of hospitals, libraries, parks, forests, playgrounds, airports, and housing developments. The county now offers in many instances fire protection and agricultural services. They regulate, to an increasing extent, liquor establishments and amusements established outside incorporated areas. But most significant to the sensible utilization of these new responsibilities and the host of problems accompanying urban development the county has found extremely useful the art of planned-zoning in recent years.

#### PLANNED-ZONING

By the use of planned-zoning the county is divided into districts or zones and, according to a master plan carefully conceived, the use of buildings, their size, the utilization of the land and the density of the population upon that land is determined. Zoning ordinances are passed as a means of enforcing the provisions incorporated in the plan.

Planned-zoning is not an inherent power of county government. The prerogatives of zoning must be given to the county by the state. Thirty-seven states have done so and almost 200 counties have exercised the authority given to them. The counties exercise this prerogative under the right to do anything necessary to protect public health, morals, safety or general welfare.

The art of planned-zoning did not originate in the United States. Planned-zoning in its more primitive form was practiced in European cities as early as the Middle Ages. More modern concepts were developed at the close of the 19th century in Germany when certain manufacturing establishments were kept a specific distance from residences.

Planned-zoning in the United States started along the Atlantic coast before the adoption of the American Constitution when zoning provisions restricted to the outskirts of the city the establishment of gun powder mills and store houses. Later, provisions were adopted restricting the construction of wooden buildings in certain areas.

In 1692, Boston and other cities in the region received the authority to designate the placement of slaughterhouses and in 1899 Wisconsin gave cities the right to designate zones with varying regulations as to types of buildings which could be constructed therein. In 1916, the first comprehensive planned-zoning occurred in New York City.

Planned-zoning for counties, however, did not occur until 1933 when Oneida County in Wisconsin adopted a rural zoning ordinance which prevented families from settling on valuable forest or farm land areas and zoned for forestry and recreational purposes. Under this ordinance, families were actually relocated in order to comply to the provisions of the act.

#### THE VALUE OF PLANNED-ZONING

By the use of intelligent planned-zoning county officials are able to determine the best use for the available land within the county; are able to discern population trends and movements; and can foretell, with some degree of accuracy, the county's present and future economic potential.

Specifically, a carefully drawn master plan vigorously implemented by zoning ordinances can as an expert on the subject has pointed out: control development in the outskirts of cities; minimize unnecessary and speculative land subdivisions; prevent real estate values from depreciating and thereby weakening the tax base; prevent unsightly and dangerous roadside development; assist in conserving water resources; prevent lake and stream pollution; set aside adequate space for parks and other recreational areas; help plan for future highways and transportation facilities; reduce the cost of installing public utilities; stabilize and enhance real estate values; protect the best agricultural lands for farming purposes; provide suitable space and protection for business and industrial areas; and protect recreational areas from undesirable uses.<sup>1</sup>

It is sad to note that despite the very obvious benefits of planned-zoning many counties, on the verge of facing problems of an urban county, have failed to adopt zoning ordinances to carry out provisions of a proposed or existing plan.

In part the blame for this reluctance falls upon improper explanation of the merits of planned-zoning. An intensive public information campaign, revealing in simple meaningful terms the value of planned-zoning is necessary. Such a program must clearly indicate that the aims of planned-zoning are not to deprive a person of his property, but to enhance its ownership. Such a program must furthermore, assure the citizens of the county that planned-zoning will not become an instrument of economic and social segregation. Such a program of public information must assure the citizens of the county that the administration of a planned-zoning program will be carried out by competent intelligent personnel, responsible in some fashion, to the people. Such personnel, the citizen should be assured, will not use planned-zoning for political expediency but will be guided by a scientifically drawn master plan and implemented by tact and common sense. It is to be hoped that this process of self-education will convince the traditional rural county opposition that the problems which planned-zoning attempts to solve are truly the problems of the entire county.

Planned-zoning will not only avoid the problems of tomorrow today but will prove wrong those who maintain that the county is perpetually geared to a rural economy and cannot or will not make the necessary change to a modern society.

<sup>1</sup> Krausz, Norman, "More Counties Need Zoning," *Law and the Farm*, No. 79: University of Illinois, College of Agriculture, November 1, 1956.



# LOCAL GOVERNMENT IN AUSTRIA COMPARED WITH AMERICAN SYSTEM

By William O. Winter

I arrived in Vienna one warm night in September and the Orient Express. As soon as I had checked into my hotel, I decided that I must take a walk. Walking was too far away; I couldn't wait until morning to see the fabulous city on the Danube.

Only two blocks from my hotel was the Rathaus, city hall, one of the most impressive buildings in the city full of impressive buildings. Standing in front of the Rathaus, I made my first great discovery—the streets were clean!

What is so remarkable about this you might well ask? Why should the mere cleanliness of the streets constitute a great discovery?

This, I admit, is hard to explain. Yet that one thing—that the streets were clean—was one of the strongest impressions I received in Vienna, not only on my first night, but throughout the entire year I spent there.

This was, in a measure, symbolic. As I walked that night on the clean-swept streets of Vienna, I felt for the first time becoming fully aware of the remarkable administrative character of the Austrian government.

I was soon to find out that Vienna, Salzburg, Innsbruck, Linz, and the other Austrian municipalities, large and small, were among the best-run cities in the world. It was not long before I was telling the Austrians their wonderful municipal administration, and was wondering why we in America could not do as well.

Before you can understand Austrian local government, you must first know something about the structure of the Austrian constitution.

Both the United States and Austria use the federal form of government. Yet between them there is scarcely any resemblance at all. In Austria the central government controls virtually everything, the nine Laender (which we would call states) have virtually no autonomy. For one thing, the constitution does not permit it. For another, the central officers in the central government are jealous of their power, and seek to retain it.

This does not mean that there is not considerable "states' rights" sentiment in Austria. One day last summer I dropped in on the vice-governor of the state of Vorarlberg, the province that lies next to Switzerland. This man, a very intelligent and persuasive person, was strong in his denunciation of the enormous amount of power resting in the central government.

A few days later I interviewed a similar official in Innsbruck, capital of the state of Tyrol. In answer to my question concerning federal power in Austria, he answered: "Many of us would like

to see a far greater amount of power in the Laender (states) than now exists. We recognize that our states can never, perhaps, attain the power and status of the member states of the American Union—our states are too small and too poor—but we can insist that we be given autonomy over matters rightfully our own."

This kind of dissatisfaction with the Austrian constitution is particularly strong in the western and southern sections of the country. The major political group, the Volkspartei (People's Party), at least gives lip service to the idea of less centralization of governmental powers and functions in the central government.

If this could ever be achieved—this decentralization of power—it would have considerable effect upon Austria's major city, Vienna.

Vienna is recognized in the federal constitution as both a city and a state. The mayor and city council of the city of Vienna are, at one and the same time, the governor and legislature of the state of Vienna.

To the American, this is rather startling. He thinks, "What if Chicago were both a city and a state in the American Union! This would increase the powers and the effectiveness of the government of Chicago many fold."

But, of course, such a parallel cannot be drawn. Under the Austrian constitution, little advantage accrues to Vienna by virtue of its being a state. This is constitutional window-dressing, a sop to the pride of the Viennese. In effect, ultimate control over Vienna, as well as over the tiniest hamlet in the Austrian Alps, lies in the central government.

Though the constitution speaks of autonomy, and though the members units of a federal government are supposed to have a great deal of local self-determination, such things, in fact, are almost impossible to find in Austria.

## The Two-Party System

It isn't only the constitutional system that affects city government in Austria. The party system directly affects it, too, and in ways that seem strange to the American.

Austria has a two-party system. The conservatives (People's Party) now have a slight edge over the Socialists, but it is so slight that the only way the country can be governed is by coalition (called, by the Austrians, "proporz").

This affects the city, state, and national governments. In Vienna, to show you how the system works, the mayor is a Socialist, but the vice-mayor is a People's Party man, and that kind of proportional distribution of official jobs to the two major parties extends throughout Austrian government.

Party membership is essential if you wish to obtain and hold a public position in Austria—even a non-elective position. The Austrians refer to this humorously as the necessity of having "Vitamin B." The "B" refers to the German word for pull, or,

(continued on page 15)

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## ADVERTISING STUDENTS PLAN CAMPAIGNS FOR BUSINESS FIRMS

By Donald G. Hileman

Area business organizations and Southern Illinois University are co-operating to provide realistic and practical training for students majoring in advertising in the department of journalism. Senior students in their final quarter take a course in advertising campaigns, designed to encourage application of what they have learned in previous courses to the development of a year's advertising program for an area business.

This year six students worked with the Mammoth Department Store of Mt. Vernon and the Monsanto Chemical Company of St. Louis. These concerns made facts and figures concerning their operations and markets available to the students. In addition, representatives answered student questions concerning the sales and merchandising objectives of the companies. Armed with background information, students established budgets, compiled specific advertising objectives and appeals, evaluated the importance of different markets, selected advertising media, and prepared actual advertisements.

More specifically, for the Mammoth Department Store, students decided how much money to spend in newspapers and radio as well as in direct mail and in-store purchase advertising, such as banners and special display. The questions of how much to spend during each month and season and for each department and each product line had to be answered.

The Mammoth's market had to be analyzed in terms of the importance of the economic status, educational level, age, and occupation of its consumers. This helped students establish for the store specific advertising needs and objectives which in turn influenced their selection of advertising appeals to use in the preparation of individual advertisements.

The immediate needs of the particular day, week, and month were foremost in the planning of each advertisement, but, in addition, through layout and the wording and approach of the copy, students attempted to make the Mammoth's advertising distinctive enough to stand out from its competitors and to help create in the consumer's mind a favorable image of the Mammoth Department Store.

Students in the advertising program at SIU enjoy other relationships with the businessmen of the area. Many of them are employed in advertising or sales positions on a part-time basis throughout the year and full time in the summer. They participate in activities of the Illmoky Advertising Club, an organization of retailers and newspaper and radio advertising representatives from southern Illinois, southeast Missouri, and western Kentucky. Five senior advertising students planned and presented the program at the recent summer Illmoky meeting in Paducah, Kentucky. They offered tangible suggestions and examples of effective retail newspaper

## COMPANIES GIVE SELLING TOOLS FOR SALES TRAINING PROGRAM

A new high-level approach to sales training combining techniques from the field of business with those from the textbook of formal education has been worked out at Southern Illinois University.

Willmore B. Hastings, assistant professor of marketing and a professional salesman/sales manager, planned a course for junior students with the help of selected companies and professional groups, particularly the National Society of Sales Training Executives. His goal was to develop a training program which would give students a knowledge of salesmanship and a broader perspective of the way and how of selling. He started with the basic premises that:

1. All selling has the same foundation of prospecting, preapproach, approach, demonstration, meeting objections, closing, leaving.
2. Students can utilize specific product knowledge and apply it to each of the above steps as classroom situations arise.

Perhaps, the following information will be useful to anyone interested in training at either the business or the academic level.

Over thirty firms submitted sales training information. This included what they felt was complete information necessary for a salesman to make a presentation and then to make a sale. Among the materials sent to Hastings were training manuals, advertising bulletins, leaflets, recordings, portfolio brochures, direct mail advertising, flannel board films and slides, charts, graphs, and quizzes.

In addition these companies graciously provided letter information for the class. They named a company person whom the students and the instructor could contact for additional and more specific information or interpretation. On the first day of class, each student was instructed to associate general classroom salesmanship information with a specific company product and to answer class questions with that one product in mind.

A partial listing of the companies includes International Harvester, Lily Tulip Cup, Kimberly-Clark, Goodyear, Ling, Johnson & Johnson, Kendall, Flintstone, Cities Service, Northwestern Mutual, Standard Oil, Johnson Wax, Pet Milk, Arlex, Edison Brothers, Sears-Roebuck, Protectall Safe, Westinghouse, Hamilton Watch, Schoster, Evinrude, Textile, Connecticut Mutual, California Packing, Monsanto, National Carbon, Cluett, Peabody Company, Rose Marie Reed, Norton Company.

(continued on next page)

and radio advertising.

This co-operative spirit of area businessmen providing a necessary link in the professional training of advertising students at SIU. In turn, businesses co-operating in this program profit from the fresh thinking given to their advertising and merchandising problems.



tainer Corporation of America, Lederle Laboratories, Brown-Forman, Frigidaire, Reynolds Metal, Kellogg-Sanford, Famous-Barr, Pillsbury Mills, General Foods, Deebold, IBM, and CIBA. The American Bureau of Advertising, National Retail Hardware Association, National Retail Furniture Association, and the American Laundry Institute rendered valuable assistance.

At the end of the term, five of the twenty students in the class received job offers from the companies whose product and sales approach they studied.

### Teaching Methods

The first three weeks of the class were devoted to lectures by the instructor with class participation daily increasing. There was a written examination each week.

To help these prospective salesmen overcome shyness, all students shook hands with at least one other student and spoke to them before each session. The instructor called on each member of the class at least once a session, and they were required to stand while speaking or asking questions.

In the fourth week, the instructor made sales presentations himself, using photographic equipment, builders' hardware, clothing, and insurance. In the hardware and photographic field, the instructor made four mock presentations, one each as a manufacturer, a wholesaler, a retailer, and a customer. The various selling steps were listed on the blackboard and were checked off as they were

fulfilled. This illustrated that all selling steps could be used in each type of selling, and it also clearly showed that various methods of meeting objections could be used in every situation and that sales people need not get in a rut which would cause them to lose sales.

Various class members were assigned to report on each step of the selling procedure as demonstrated by the instructor and by several other professional salesmen who were called in during the course.

The next two weeks were devoted to intensive drills in preparation for individual sales demonstrations. Each step of selling was reviewed with each class member to show how he would use the step with his product.

All class members prepared a written report on their products. They described the product, explained how the sales presentation would be made, raised and answered at least eight sales objections, discussed the competition, pointed out how they would prospect customers and how their approach would be made, and explained at least six methods of closing the sale. They also described how explanatory material would be used in the sales presentation.

The instructor was the buyer in all selling situations, using the student's report as a guide for information and discussion. The student was allowed twenty to twenty-five minutes for his presentation, and then the entire class evaluated his efforts.

### AUSTRIA

*(Continued from page 13)*

ly translated, "political pull."

Although political pull is an essential in the public service, state, federal, or city, surprisingly enough, the results are not what the American expects.

To us, political pull means the spoils system. And the spoils system means, most of the time, that the individual is hired for the public job on the basis of party loyalty. Whether or not he is competent for the job often makes no difference. It is his party loyalty alone that counts.

In Austria the system works quite differently. The municipality of Linz, an important industrial town on the Danube, is overwhelmingly Socialist. As in the other major cities of Austria, the mayor of Linz has an executive officer who serves as director of the city's administration.

The director of administration in Linz is a Socialist, of course politically appointed. Yet he is a remarkably intelligent man, is well versed in municipal administration, and handles his office, not as a politician, but like a trained administrator. This city administrator speaks good English, and knows a great deal about American government and municipal law. In a conversation I had with him one day he described himself as a "city manager."

Actually, his position is somewhat different from that of our city managers. True, he is a trained

administrator whose job is to direct the day-to-day administration of the city. In that he resembles the city manager. In that role he can and does—like the city manager—bring administrative efficiency to the city.

But the director of administration in Linz, as in other Austrian cities, is under immediate control of the mayor, which is quite unlike our city manager, who is under supervision of the council.

The end result, however, is the same—good, efficient city government.

### City Housing Program

City functions and services include all of the things we are familiar with, and many that we are not. The city of Vienna operates a brewery, a burial service, and a vast housing program.

The principal landlord and the principal builder is the city itself. Ninety per cent of all housing now being built is put up by the city. This is a part of a Socialist program that had its beginnings in the 1920's. That it continues today is not merely an indication of Socialist power in the city. It also means that, under the Austrian system of "proportional representation," the conservatives have consented to it.

All over the city you can find great blocks of municipally owned and operated apartment houses. In the southern part of the city is the "George Washington Hof," dedicated, so the plaque reads, to the first President of the United States and friend



of mankind. Some distance to the north is another group of apartment buildings called "Karl Marx Hof" after the founder of modern Communism.

City housing rents at a very low figure and is available to anyone, no matter what his income. An average, one-bedroom apartment rents for \$3.00 a month, and contains about 475 square feet of floor space. Monthly rentals vary from \$1.65 for the smallest units to \$4.50 for the largest.

As a result of the city's vigorous building program, housing density in Vienna has fallen from 4.14 inhabitants per room in 1900 to 2.54 persons in 1953.

In spite of the fact that there are no income limitations on city apartments, it is still class housing. No middle class, or even lower middle class, family would think of living in one of these "Socialist" apartments. The practical effect of this is that only the workers take advantage of the housing program.

The remarkable efficiency of local government in Austria is not the result of accident. Traditionally, Austrian cities are well managed; the people expect it as one of the inevitable consequences of democratic government.

Even the spoils system does not materially interfere—indeed, does not seem to interfere at all—in the efficient operation of the city. The basic reason for this is that a trained administrator directs the administrative functions. That is why the streets are clean in Austrian cities.

## ECONOMIC EDUCATION

(continued from page 2)

units of work should include material from the fields of sociology, anthropology, psychology, and economics.<sup>2</sup>

In practice, however, at least in the two states the author is familiar with—Illinois and California—economic education in grammar school is usually limited to visiting the store, bank, or post office. The emphasis of the social studies program is on the various noneconomic aspects of life in America past and present.

One of the prominent features of the social studies curriculum in high school is its diversity. Yet most school systems require no more than a single course in American history.

### TEACHERS' BACKGROUND

Unfortunately, too, the social studies courses in high school do not usually cover economic units any more than the grammar school program. The

inadequate economic background of most high school teachers is the most important reason. At Southern Illinois University an education major needs twenty quarter hours of social studies in order to graduate. This includes one course in American history and one course in government. The student also must take one course in two of the following three fields: geography, economics, or sociology. According to University records, economics is the least popular of the three alternatives. Most prospective high school social studies teachers major in history without taking any economics at all. However, those who plan to teach social studies in junior high school usually major in what is called a social studies field major which requires three economic courses.

The elementary economic course in most colleges is not geared for education majors. The subject matter usually includes technical aspects of economics which are not necessary from the teachers' standpoint though they are important to business and economic majors. This situation often discourages teachers from taking economic courses. The teacher is primarily interested in an over-all knowledge of economics in order to help her present an intelligent and objective analysis of the major public issues of the day to her class.

Such a course also should include methods that are useful in teaching economics on the high school and grammar school levels.

### THE ECONOMIC WORKSHOP

In order to better meet this problem, the Joint Council on Economic Education was established and has for several years conducted economic workshops throughout the country. This summer for the first time Southern Illinois University offered such a workshop. However, because of the complete departure from traditional college curriculum, the response on the part of teachers in the area has been negligible. It is hoped that economic education will soon take root in southern Illinois.

### SECRETARIES WORKSHOP

Southern Illinois secretaries are invited to attend a one-day workshop, sponsored by the Carbondale chapter of the National Secretaries Association, Southern Illinois University October 4.

The sessions in the SIU Agriculture Building will be designed to bring office workers up-to-date in modern clerical procedure. SIU's department of secretarial science is co-operating in the program.

Mrs. Jessie Cartwright, home service director of Borg-Warner's Norge Division in Chicago, will among the speakers, along with John Rendleman, SIU legal counsel, and John Cochran, assistant professor of economics.

<sup>2</sup> For a discussion of this viewpoint see: John E. McGill, "Organizing the Social Studies Program," *Social Studies for Children*. New York: Association for Childhood Education, 1956, 40 pp.